



July 18, 2008

To: City, Town, Special Purpose District and Regional School District Treasurers:

This letter sets forth the Treasurers' annual reporting requirements to the Bureau of Accounts and includes other matters.

**1. Statement of Indebtedness**

This Statement as of June 30, 2008 must be completed and returned to the Bureau by September 30, 2008 or upon submission of a balance sheet for FY2009 free cash/excess & deficiency certification, whichever is earlier.

**2. Treasurer's Quarterly Cash Report**

The fourth quarterly Report as of June 30, 2008 must be completed and returned to the Bureau by September 30, 2008 or upon submission of a balance sheet for FY2009 free cash/excess & deficiency certification, whichever is earlier.

The first three quarterly Reports of FY2008 should be completed timely and filed in both the Treasurer's and Accountant's/Auditor's or School Business Manager's offices for possible Bureau inspection or audit.

**3. Compensating Balance Report**

This report as of June 30, 2008 must be completed and returned to the Bureau by September 30, 2008 only if your city, town or district had a compensating balance account in FY2008. Please send to the Bureau a copy of any new agreement for FY2009, even if you do not have to complete the worksheet.

If you have any questions regarding your account, please contact your bank. If you have any questions regarding the completion of the worksheet, please contact Gerry Cole of the Bureau's Public Finance section at 617-626-4110.

**4. Request for Debt Exclusion Information**

To forestall any delay in setting the FY2009 tax rate, the Bureau requests that Treasurers in communities with debt exclusions complete and return this worksheet to your Bureau of Accounts field representative as soon as possible. Please include debt schedules or any other relevant information that supports this request.

Massachusetts General Laws (M.G.L.) Chapter 44, §20 as amended by Chapter 46, §33 of the Acts of 2003 and Chapter 139 of the Acts of 2006, restricts a community's debt exclusion to the true interest cost incurred to finance the excluded project. Premiums received at the time of sale must be offset against the stated interest cost in computing the debt exclusion amount.

For Regional School District Treasurers, any premium received must either close to the region's General Fund in FY2008 or be reserved and returned to its members to reduce the FY2009 capital assessment. Any amount not so returned, by law, requires the Bureau to reduce the member's levy limit by an amount that represents a proportionate share of the bond premium over the applicable amount of time.

If you have any questions regarding the completion of the worksheet, please contact your Bureau of Accounts field representative.

## **5. Schedule of Outstanding Receivables**

This Schedule as of June 30, 2008 must be completed by a city, town or special purpose district Treasurer and returned to the Accountant/Auditor who will forward it with additional documentation for free cash certification to the Bureau.

This Schedule compares the detailed listings of the Collector, Treasurer or department head with the balance of certain outstanding receivables of the Accountant/Auditor.

This Schedule does not apply to Regional School Districts.

## **6. Other Matters**

### **State House Note Program**

In connection with the State House Note certification process, we emphasize the necessity for timely submission of notes and supporting documentation. This enables us to properly schedule the necessary review and approval activities, especially during the peak borrowing months of December and June. The Bureau strongly suggests that note and supporting documentation submission be at least five business days prior to the issue date. This eliminates the possibility of notes remaining uncertified as of the issue date which would jeopardize receipt of funds.

As a reminder, year-end deficit fund balances resulting from anticipated other governmental reimbursements or borrowing authorizations are deducted from free cash/excess and deficiency unless the funds are borrowed (e.g. BANs, GANs, SANs) by June 30, 2008 that equaled or exceeded the amount of the deficit. Capital projects are analyzed on an individual, not aggregate basis.

[State House Note forms](#) can be found on the Bureau of Accounts' website.

## **Interfund (“Internal”) Borrowing Prior To Issuance of Debt**

M.G.L. Chapter 44, §20A allows for interfund borrowing prior to issuance of debt to make expenditure for purposes for which the authorized debt will be issued. Interfund advances must be repaid during the same fiscal year and there are borrowing restrictions. See [IGR 92-105](#). Debt authorized for jurisdictions under legal restriction to obtain approval from the Commissioner of Revenue must first receive local approval and then the Commissioner’s approval before interfund borrowing and expenditure of funds can occur.

## **Loss of Invested Funds**

The Massachusetts Attorney General’s Office has assisted various Massachusetts cities, towns and other governmental entities in the recovery of municipal funds as a result of having received and followed inappropriate investment advice. Treasurers who may wish to discuss this matter are urged to contact either Gerard D. Perry, Director of Accounts, at 617-626-2134 or Glenn Kaplan, Chief of the Attorney General’s Insurance and Services Division, at 617-727-2200 x2453.

## **Certification of City/Town and Regional School District Notes and Receipt of Audit Reports**

Audit Reports for the period ending June 30, 2008 for cities, towns and special purpose districts are required if expenditure of federal funds exceeds \$500,000. Annual audits of regional school districts are required under provisions of M.G.L. Chapter 71, §16A.

For FY2009, to continue past practice, the Bureau will not certify revenue notes (RANs) of a city, town, special purpose district or regional school district if a required audit for the year ending June 30, 2007 has not been submitted.

Per federal rule, audits must be completed no later than nine months after the end of the fiscal year unless extension is granted by the jurisdiction’s federal cognizant agency.

## **Mailing Address, Fax and E-mail Address**

Information in sections 1 - 3 of this letter should be mailed, faxed or E-mailed to:

Public Finance Section  
Bureau of Accounts  
P.O. Box 9569  
Boston, Mass. 02114-9569  
Fax: 617-626-3916  
E-mail: [coleg@dor.state.ma.us](mailto:coleg@dor.state.ma.us).

If you have any questions with regard to any item found in this letter, please do not hesitate to contact the Bureau.

Sincerely,

A handwritten signature in black ink, reading "Gerard D. Perry". The signature is written in a cursive style with a large, stylized "G" and "P".

Gerard D. Perry  
Director of Accounts